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NATIONAL INTELLIGENCE DAILY CABLE

Thursday December 16, 1976 CI NIDC 76-293C

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National Intelligence Daily Cable for Thursday, December 16, 1976.

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The NID Cable is for the purpose of informing senior US officials.

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ZAIRE: Watching Rhodesia

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[] Zaire's President Mobutu is watching Rhodesian developments with growing concern. A civil war or a radical regime there would have grave economic and political consequences for Zaire. Mobutu can do little to influence the course of events in Rhodesia, however, because his open opposition to the winning side--the Popular Movement--during the Angolan civil war has cast him in the role of odd man out in southern Africa.

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[] Mobutu's major concern is for safe and economical transportation routes. Zaire has always had to rely on external transportation to carry a large share of its imports and exports, as its own meager rail and port facilities are unable to handle the country's needs.

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[] The disruption of Angolan facilities--the Benguela railroad and the port of Lobito--has forced the Zairian government to divert a large share of its traffic to South African ports via Zambian and Rhodesian rail lines. In addition, Zairian copper producers purchase some \$37-million worth of coke, coal, and corn from Rhodesia annually. These supplies would probably be jeopardized by instability in Rhodesia.

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[] Mobutu has had to concentrate primarily on improving his political standing with former antagonists in order to open up his options.

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[] Mobutu would like to regain use of the Benguela railroad, but wants assurances from Luanda that Zaire's access will not be subject to political blackmail.

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[REDACTED] Mobutu is also seeking better relations with Lagos--Nigerian Foreign Minister Garba is tentatively scheduled to visit Kinshasa this month--and is attempting to strengthen his contacts with Moscow. His effort apparently coincides with a Soviet interest in improving relations. The Zairian commerce minister is currently in Moscow to initial several commercial and cultural accords.//

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[redacted] Mobutu's prospects for success in mending fences and protecting Zaire's interests are not promising. His past actions will limit his ability to maneuver in southern Africa. For some time to come, he is likely to find himself on the periphery in affecting developments in the region.

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ISRAEL-UK: Submarine Delivery

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[redacted] //Israel recently took delivery of the first of three 500-ton small attack submarines from the UK, according to the US defense attache in London. The submarine reportedly sailed for Israel in late November.//

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[redacted] //The other two submarines apparently are scheduled for delivery in 1977. Israel is considering the purchase of additional submarines, pending close evaluation of the performance of the first three.//

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[redacted] //The Israelis have had only one submarine--a World War II vintage, British-built submarine. It has been used primarily for training, and we expect it to be phased out before 1980.//

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[redacted] //The new submarines probably will be based at Haifa and used in the Mediterranean for coastal defense

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YUGOSLAVIA-USSR: Brezhnev Visit

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[] After meeting in special session last week, the Yugoslav party leadership has issued its own report on Soviet leader Brezhnev's visit from November 15 to 17. The statement reaffirms Yugoslavia's desire for good relations with the USSR but leaves little doubt that significant differences persist, particularly where Soviet emphasis on "international solidarity" is concerned.

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[] The report stresses Yugoslavia's right to pursue an "independent road to socialism."

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[] Whatever tactics were pursued, Moscow and Belgrade have now each gone on record with an official account of the Brezhnev visit, illustrating the continuing disparity in viewpoints. The USSR earlier had issued a statement on the visit in which it predictably stressed the socialist duty of internationalism.

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ECUADOR-PERU-CHILE: Strained Relations

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[] //Relations between Peru and Chile and between Peru and Ecuador are under new strain.//

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[] //Ecuador's cancellation of a stopover by Peruvian President Morales Bermudez last week while he was en route home

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from a visit to Colombia and Venezuela, a stalemate in Chilean-Peruvian talks on a proposed Bolivian outlet to the sea, and Peru's continuing arms buildup are the major causes of the increased uneasiness.//

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//Since Chile early this month bluntly rebuffed Peru's proposal to establish a corridor to the sea for Bolivia with a jointly administered coastal enclave, there has been a hardening of positions by the two countries. The foreign ministries seem prepared to explore ways to resume talks, but military leaders in both Peru and Chile may be demanding a tougher stand.//

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//Tension between Ecuador and Peru appears to be tied mainly to the Ecuadorean internal situation. Ecuador's always-shaky Supreme Council of Government has weakened perceptibly in recent weeks. It appears to have seized on rumors of a Peruvian mobilization near its border and the recall of the Peruvian ambassador following the cancellation of the presidential visit as an excuse to try to strengthen its position.

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//While we do not expect any armed border clashes, the heightened tension along the Ecuador-Peru border increases the chance of an accidental incident.

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EC: Fishing Zone

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[] //The measures approved by EC foreign ministers this week in Brussels will sharply reduce the catch that third-country fishermen will be allowed to take in EC waters next year.//

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[] //The Community will establish a 200-nautical-mile fishing zone in the North Atlantic and the North Sea on January 1. Those states that have long fished in the EC waters but have not negotiated a reciprocal fishing agreement with the Community--the Soviet Union, Poland, East Germany, Finland, Sweden, Spain, and Portugal--will be allowed to continue fishing in the waters for three months, but at substantially reduced levels. Bulgaria and Romania, which only recently began to fish in EC waters, will be excluded totally on January 1.//

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[] //If any of these states wants to continue fishing within the EC's 200-nautical-mile zone after March 31, it must negotiate a new agreement with the EC Commission. The EC has no significant reciprocal fishing interests with these countries and is likely to grant very limited access, requiring in some cases that all fishing be phased out.//

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[] //The Soviets and the East Europeans will be most seriously affected by the EC measures. The Soviet Union now takes around 600,000 tons of fish a year from Community waters,

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and the catch will be reduced by almost 60 percent through March 31. The EC is prepared to negotiate a reciprocal agreement with the Soviets effective from that date and allowing an annual catch of about 60,000 tons--the amount Community trawlers now take in the Barents Sea.//

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[] //The Soviets and the East Europeans refuse to recognize the EC's authority to negotiate for the Nine. They would prefer to deal with the EC members individually, but the Nine so far have rejected their bilateral approaches.//

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[] //The interim measures are intended to avoid, or at least postpone, a confrontation with the Soviets on this matter. Commission officials hope the Soviets will reconsider their position, given Moscow's desire to continue fishing in EC waters and the importance it attaches to the conclusion of an EC-CEMA trade and cooperation accord.//

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[] //The foreign ministers also reviewed Commission efforts to negotiate access for EC fishermen to other countries' 200-nautical-mile fishing zones. Substantial progress has been made in talks with the US and Norway. No major problems are anticipated with Canada.//

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[] //Negotiations are not progressing as smoothly with Iceland. The Icelandic government is increasingly reluctant to offer the EC meaningful concessions, citing the need for stringent conservation measures and growing domestic opposition to granting foreign fishing rights.//

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[] //The Nine are stalemated on the question of an internal fishery policy for the Community. Despite strong opposition from other member states, the UK and Ireland maintained their demands for an exclusive coastal fishing zone of up to 50 nautical miles. The UK also objected to a Commission proposal to increase Ireland's fishing quota by 20 percent, arguing that fishermen in northern Britain should be granted similar concessions.//

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[] //The foreign ministers agreed to meet in special session next week to discuss interim internal fishing arrangements. Negotiations will probably focus on the problems of coastal regions and should prove difficult.//

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[] //If no agreement is reached, UK Foreign Minister Crosland and Irish Foreign Minister FitzGerald indicated they will unilaterally impose conservation regulations on January 1. EC foreign ministers had previously agreed that member states could take such measures so long as the Commission and other EC members were consulted. []

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PORTUGAL: Election

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[] The local elections in Portugal last Sunday produced few surprises. Each of the four major parties can find some cause for satisfaction, but none will find it easy to translate the results into concrete political gains.

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[] The Socialists proved again that they are by far the largest party in Portugal, even though the 33 percent they won in municipal elections was below their total in the legislative election last spring. They were also the only party to command relatively balanced support throughout the country.

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[] The vote, however, was hardly a reaffirmation of the viability of a Socialist minority government. Prime Minister Soares must still convince the opposition parties and the military that his government is capable of dealing with Portugal's serious economic problems.

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[] Dissatisfaction with the limited accomplishments of the Socialists has grown during the government's four-month tenure, but public attitudes toward the Socialists were not necessarily reflected in the election. The 35-percent abstention rate--nearly twice that in the legislative election--suggests that the population is losing faith in the government and in the political process. Voter turnout also was lower because of the ban on media campaigning.

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[] Soares now will probably face even greater opposition from the other major political parties, each of which is likely to cite the election results to demand shifts in policy to the right or to the left.

--The centrist Social Democrats retained the support of 24 percent of the electorate but tied the Socialists in the number of mayors elected.

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--The Communists scored substantial gains, winning 18 percent of the vote. This success was probably due to a rejuvenated grassroots organization, the failure of the far left to campaign effectively, and a high abstention rate that cut more deeply into the support of the other parties than into the Communists' disciplined following.

--The conservative Social Democratic Center made a slight gain which was not enough to prevent the Communists from taking third place in the overall tally.

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[] The opposition has already given notice that it will not be intimidated by the election results. All three parties banded together earlier this week and refused to support in parliament the Socialists' forced savings plan that would pay Christmas bonuses in government bonds.

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[] Both right and left will undoubtedly continue to press for a broadening of the government's base. The Social Democrats, who are hesitant to become involved in a formal coalition, want to replace the Socialists with a government of technocrats; the Communists are insisting on a role of their own in the government.

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[] The Socialists have no intention of considering either of these changes, and President Eanes appears reluctant to create an atmosphere of instability by replacing the government too soon. Some cabinet changes are likely early next year, however, and Eanes will probably assume a more active role in policymaking. []

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FINLAND: Coalition Survives

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[] Prime Minister Mielttunen averted a government crisis this week when he obtained the support of the Conservative Party for his budget, thus ensuring the survival of his minority centrist coalition at least through the end of the year.

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[] The arrangement, which had the tacit support of President Kekkonen, signals the return of the long-ostracized Conservative Party to a decisive legislative role for the first time in a decade. The President, however, may not be ready to allow it full participation in the government.

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[] Mielttunen's surprise move will make it difficult for the Social Democrats to cooperate with a government that is implementing a center-right budget, nor will the Social Democrats be able any longer to dictate their own terms for supporting the government--at least on economic questions.

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[] The Conservatives did well in the municipal elections in October and Finnish observers are speculating about a possible conservative trend in Finland. Mielttunen's move, with Kekkonen's support, will put pressure on the Social Democrats and inevitably color future political maneuvering. []

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JAMAICA: Election

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[] //Prime Minister Manley won an unexpected landslide victory yesterday in Jamaica's general election. He will win at least 42 of the 60 parliamentary seats at stake.//

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[] //Manley's showing may encourage him to accelerate his efforts to create a one-party state. To accomplish this, he will have to weaken or take control of the media and increase his control of the security forces. During the election campaign, Manley appointed a sympathizer of the ruling party to head the special election police force in six key parishes and tried to force the press to submit to partial censorship.//

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[] //Manley will continue to pursue close ties with Cuba; as in the past, this will reinforce his leftward bent. The Cuba-Jamaica technical commission will meet for the second time early next year, and the Jamaicans have already asked the Cubans to build a second school in the countryside to match the one just completed near Kingston.//

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[] //Relations with Cuba could be strengthened even further by reinstatement of the visit Fidel Castro had been scheduled to make last May. Such a visit might well take place in the first half of next year.//

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[] //Manley also has indicated a willingness to take a fresh look at relations with the US. Any sustained improvement in relations, however, is likely to depend on a commitment from the US to provide substantial assistance to help meet what the governor of the Bank of Jamaica estimates to be a pressing need for as much as \$200 million in budget and balance-of-payments support, presumably over the next year or so. Rising private capital flight and the government's difficulty so far in garnering large new funds point to a payments gap in 1977 that dwindling reserves would be unable to cover.//

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[] //We see little likelihood that Manley will alter the relatively prudent stance he has adopted, especially over the last two years, in dealing with the major US aluminum companies. Agreements with Reynolds and Kaiser are likely in the next few months, and these probably will follow the general outlines of the Alcoa settlement reached in October that seemed satisfactory to both sides. []

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